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State's Economy Looking Good

More Gains in February

In general, February marked another month of gains for the economy of Pennsylvania. Gains remained modest, but leading indicators continue to suggest improving conditions in the months to come.

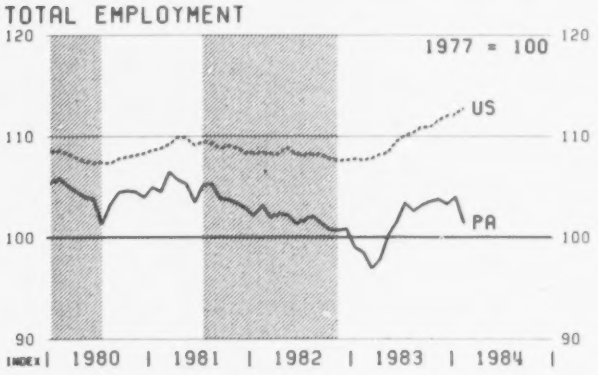
The seasonally adjusted employment level in all nonfarm industries in the state rose a small 0.3 percent in February. Most of the job gains were in the goods-producing sector while employment in the service-producing sector remained at about the same level as it was a month earlier. Over the year, though, job gains in service-producing industries outpaced those in the goods-producing sector.

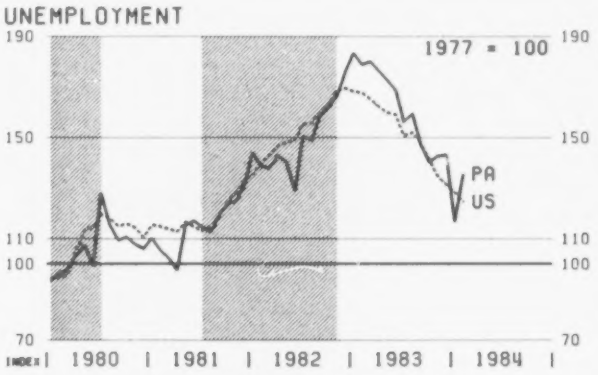
Furthermore, the job gains in the goods-producing industries over the year are to a large extent call-backs from the sizeable pool of workers laid off during the recession. In contrast, job gains in the service-producing sector represent newly created positions. Many service-producing industries, including retail trade, finance, insurance and real estate, and industries in the miscellaneous service group, have employment levels higher than at any time in the past.

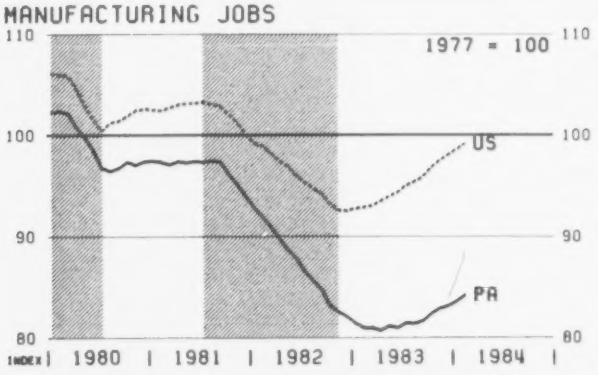
As of February, the goods-producing sector, which is composed of manufacturing, mining, and construction industries, had regained only 22 percent of the jobs lost between July 1981 and April 1983.

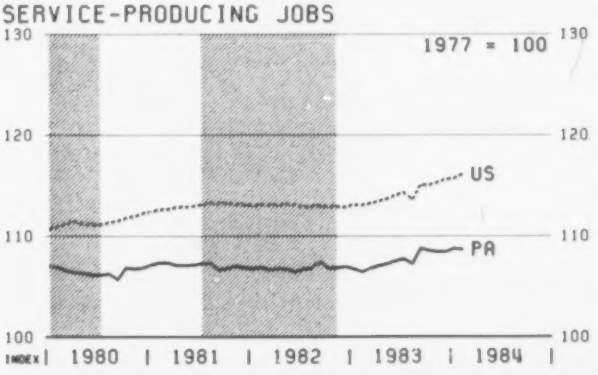
Factory executives have remained cautious, increasing hours worked by employees on the job before hiring back laid-off workers. The length of the average factory workweek in February was at its highest seasonally adjusted level in the 12 years that it has been recorded. With average weekly hours worked so high, we can expect continued increases in manufacturing employment in the months ahead.

The increased hours of work and the higher employment levels in the state's factories in February brought total factory payrolls to their highest seasonally adjusted level since November 1981. But in real (inflation-adjusted) terms, they remained 71 percent of









PENNSYLVANIA BUSINESS SURVEY

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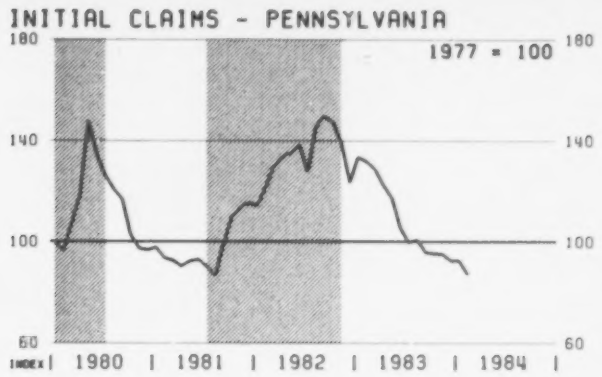

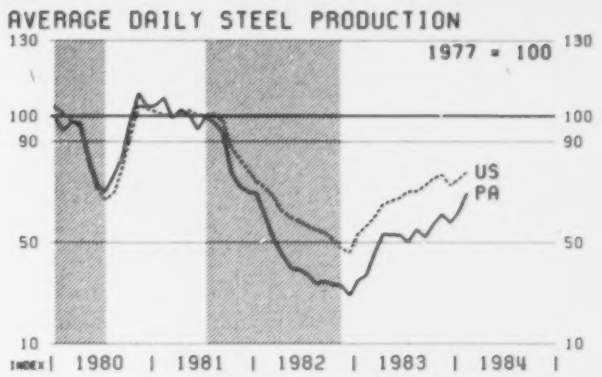

the level 10 years earlier.

The second quarter looks good for Pennsylvania. The index of leading indicators, developed by Nelson Lacey at the Center for Research, rose 1.3 percent in February. That is its strongest gain since August, when it rose 1.9 percent.

All three components of the index contributed to February's rise. Besides average weekly hours, the value of awards for residential buildings rose in February. After adjustment for inflation and seasonal variation, these awards were at their highest monthly level in more than five years.

Economic Activity in Pennsylvania	1984 Jan.	1984 Feb.	1983 Feb.	Seasonally Adjusted Indexes (1977 = 100) 1984 Jan.	1984 Feb.	1983 Feb.
Pennsylvania Industries						
All nonagricultural industries						
No. of wage and salaried jobs (thous.)[1]	4,500.*	4,513.	4,396.	100.5*	100.7	98.2
Nonmanufacturing						
No. of wage and salaried jobs (thous.)	3,390.*	3,392.	3,318.	107.5*	107.6	105.3
Manufacturing						
No. of wage and salaried jobs (thous.)	1,107.	1,115.	1,071.	83.6	84.2	80.9
Ave. wkly. hrs. worked by prod. workers	39.9*	40.3	36.9	101.8*	102.9	94.1
Total wkly. person-hours worked (mils.)	30.3*	30.9	26.5	80.6*	82.4	70.7
Total wkly. payroll (mil. dols.)	280.3*	286.9	234.7	129.9*	130.3	106.5
Steel production (thous. tons)	1,339.	1,493.	768.	62.	70.	37.
Industrial electric power sales (mil. kwh)	3,655.	3,762.	3,167.	98.	98.	86.
Mining						
Anthracite coal (thous. net tons)	339.	402.	230.	80.	95.	57.
Bituminous coal (thous. net tons)	5,438.	n.a.	4,854.#	79.	n.a.	72.#
Construction contracts awarded (mil. dols.)						
Total	367.5	294.0	189.0*	162.	168.	113.*
Residential building	97.8	108.3	59.3*	134.	173.	97.*
Other building	172.2	113.4	76.3*	200.	190.	141.*
Nonbuilding (utilities and public works)	97.4	72.3	53.4*	162.	124.	103.*
Employment of Pennsylvania Residents						
Employed, no. of persons (thous.)	4,841.	4,758.	4,621.	104.0	101.4	98.5
Unemployed						
No. of persons (thous.)	542.	586.	760.	116.6	135.3	178.9
Rate (percentage of labor force)	10.1	11.0	14.1			
Rate, seasonally adjusted	8.3	9.8	13.0			
Civilian labor force, no. of persons (thous.)	5,383.	5,344.	5,381.	105.0	104.0	104.7
Initial claims for unemployment benefits	192,531.	112,169.	162,636.	92.7	87.2	131.9

Consumer Prices, all items	Urban Indexes (1967 = 100) 1984 Jan.	1984 Feb.	1983 Feb.	Percentage Change Month Ago	Year Ago
U.S. city average	305.2	306.6	293.2	+0.5	+4.6
Philadelphia	294.4	296.4	282.0	+0.7	+5.1
Pittsburgh	n.a.	315.5	304.8	n.a.	+3.5
Northeast PA	291.0	n.a.	278.9#	n.a.	+4.3

NOTES: Data on employment have been revised to first quarter 1983 benchmarks.
[1] Total includes workers on strike. * = figure revised # = figure for Jan. 1983 n.a. = data not available
SOURCES AND DEFINITIONS OF DATA ARE AVAILABLE ON REQUEST.

Pennsylvania Composite Indexes

	Index		Percentage Change from Preceding Month	
	Leading	*Coincident*	*Leading*	*Coincident*
July	101.7	88.0	+0.3	+1.4
August	101.8	87.6	+0.1	−0.5
September	102.6	88.1	+0.8	+0.6
October	102.4	88.9	−0.2	+0.9
November	102.8	89.6	+0.4	+0.8
December	103.3	89.8	+0.5	+0.2
January	103.3	89.9	0.0	+0.1
February	104.6	89.9	+1.3	0.0

A decline in initial claims for unemployment compensation, the third component, also exerted a positive influence on the index. In February, this measure fell to its lowest level since August 1981.

The companion coincidental index was unchanged in February from a month earlier. Increases in manufacturing employment and real weekly earnings were offset by a drop in the measure of total employment from the resident survey.

However, the unseasonal drop in this measure in February was a statistical wobble typical during the latter stages of recovery and does not represent a change in the general direction of economic activity. The seasonally adjusted level of total employment rose again in March and was 6.6 percent above the recession low registered one year earlier.

The same statistical aberration brought the seasonally adjusted unemployment rate up from 8.3 percent in January to 9.8 percent in February and back down to 8.9 percent in March. First quarter's average rate of 9 percent compares to a quarterly high of 13.1 percent in the first quarter of 1983.

Only the usual seasonal increase in sales of electricity to industrial users took place in February. This measure, which reflects short-run changes in industrial activity, remained 9.8 percent below the pre-recession level.

More encouraging were increases in steel and anthracite coal production in February. The seasonally adjusted average daily production of steel in Pennsylvania rose 12.2 percent. Nationwide, steel production rose only 4.1 percent. This brought the Pennsylvania share of national production up to 18.3 percent, the highest since January 1982. But steel output in the state was still only 63 percent of its 1979 average while the nation as a whole was producing at 72 percent of its average that year.

Anthracite production rose 18.1 percent in February to its highest seasonally adjusted level in two years. February production figures for bituminous coal are not available, but in January, production of this type coal was also on the rise, with more coal mined on a seasonally adjusted basis than in any month in over a year.

The construction industry has also been picking up momentum in the state. The value of all contract construction awards in February rose from a month earlier after seasonal adjustment. All of the rise last month is attributable to residential building awards.

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However, the January-February total was ahead of the two-month total a year earlier in all categories: after adjusting for inflation, residential building awards were 33 percent ahead, commercial building awards were 79 percent ahead, and nonbuilding awards were 87 percent ahead of year-earlier figures.

Inflation continued to rise moderately in Philadelphia and in the nation on average, with monthly rises in the index of consumer prices of 0.7 percent and 0.5 percent, respectively. Pittsburgh experienced a lower over-the-year rise in the CPI than did Philadelphia in contrast to 1983, when Pittsburgh consistently outpaced Philadelphia in price rises.

Norma I. Gavin

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Unemployment Declines Among All Major Groups

In the fourth quarter of 1983, Pennsylvania's seasonally adjusted unemployment rate fell to 10.4 percent of the labor force — a full two percentage points below the year-earlier level and 2.7 percentage points below the first quarter peak. The decline in unemployment was witnessed among all major demographic groups in the state.

The male rate declined seven percentage points from the first quarter peak to 10.5 percent in the fourth quarter but remained above the female rate of 8.9 percent.

The jobless rate for blacks fell below 20 percent for the first time since the fourth quarter of 1981. But at 18.5 percent, the rate reflects continued job search difficulty for this group.

Teens found it even more difficult to find employment. The fourth quarter was the ninth consecutive quarter of joblessness over 20 percent among 16-19 year old labor force participants.

The number of Pennsylvania residents with jobs during the fourth quarter was little changed from a quarter earlier. Increases in the numbers of employed females and blacks were offset by declines in the numbers of employed males, whites, and teenagers.

However, total employment increased over the year. Overall, 2.4 percent more Pennsylvanians were employed last year compared to a year earlier. Black and teenaged state residents did not share in the recovery: fewer persons in these groups were among the employed last year.

Unemployment rates for the nation as a whole were lower than the state rates for all groups. However, only for males and whites were the differences in the rates statistically significant. The total employment level in the nation was unchanged from a quarter earlier but increased more than in the state over the year.

Finally, overall labor force participation rates in Pennsylvania and the nation were basically unchanged from a year ago. Teenage participation rates, reflecting a typical seasonal decline, fell more than 10 percentage points during the fourth quarter in Pennsylvania and the U.S., but both rates are at levels comparable to the year-ago ones.

Employment Data by Sex, Race, and Age — Pennsylvania and the United States

	Number Employed	Percentage Change in Employment		Unemployment Rates			Labor Force Participation Rates		
	1983 IV (in thousands)	Over Quarter	Over Year	1983 IV	1983 III	1982 IV	1983 IV	1983 III	1982 IV
Pennsylvania									
Total, seasonally adjusted	4,957	0.4	—	10.4	11.2	12.4	60.2	60.5	60.1
Total, unadjusted	5,008	- 0.2	2.4	9.8	10.5	11.8	60.6	61.2	60.5
Male	2,857	- 2.1	2.5	10.5	11.1	13.2	72.9	75.2	73.4
Female	2,151	2.5	2.3	8.9	9.8	9.9	49.3	48.5	48.7
White	4,652	- 1.2	3.3	9.2	9.8	10.9	60.8	61.6	61.0
Black	331	17.0	- 8.1	18.5	21.2	21.3	57.2	54.9	55.7
16-19 years old	280	-18.6	- 1.8	21.8	25.0	24.8	49.0	59.4	48.7
United States									
Total, seasonally adjusted	102,506	1.0	—	8.5	9.4	10.6	64.0	64.2	64.0
Total, unadjusted	102,826	- 0.1	3.5	8.2	9.1	10.3	64.0	64.9	64.0
Male	57,680	- 1.2	3.5	8.3	9.0	10.6	75.9	77.6	76.1
Female	45,146	1.4	3.5	8.0	9.3	9.8	53.3	53.5	53.1
White	90,651	0.0	3.4	7.1	7.8	9.1	64.4	65.1	64.3
Black	9,573	- 0.6	4.3	17.3	19.6	19.9	60.7	63.2	61.2
16-19 years old	6,081	-17.0	- 0.4	20.4	20.8	24.1	50.7	60.9	51.6

SOURCE: Current Population Surveys, Bureau of Labor Statistics, U.S. Department of Labor.

NOTES: The unemployment rate is the percentage obtained when the number of unemployed is divided by the number in the civilian labor force, and the labor force participation rate is the percentage obtained when the number in the civilian labor force is divided by the number in the civilian, noninstitutionalized population. Unless otherwise indicated, the data are not seasonally adjusted.

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